



**SCS HOUSING METHODOLOGY COMMITTEE**  
**February 24, 2011 | 10:00 a.m. to 1:00 p.m.**

**San Francisco Bay Conservation and Development Commission**  
**McAteer Petris Conference Room**  
**50 California Street, Suite 2600, San Francisco, CA 94111**

*Lunch is Provided for Committee Members*

Estimated Time  
for Agenda Item

- |  | Estimated Time<br>for Agenda Item |
|--|-----------------------------------|
| <b>1. Convene Meeting (Doug Johnson, MTC)</b><br><i>Announcements, information, and summary of last meeting.</i>   | <b>10:00 a.m.</b>                 |
| <b>2. Rationale for the SCS and Requirements of RHNA</b><br><b>(Ken Kirkey/Miriam Chion, ABAG)</b><br><i>Committee to discuss how the SCS and RHNA relate to each other.</i> | <b>10:15 a.m.</b>                 |
| <b>3. Regional Housing Need Calculation (Paul Fassinger, ABAG)</b><br><i>Committee to discuss variables used in calculating the regional need.</i>                           | <b>11:15 a.m.</b>                 |
| <b>4. Subregions and Overall RHNA Allocation (Paul Fassinger, ABAG)</b><br><i>Committee to discuss the requirements and impacts.</i>   | <b>12:00 p.m.</b>                 |
| <b>5. Next Steps/Other Business/Public Comments</b>  | <b>12:45 p.m.</b>                 |

**Next Meeting:**

Thursday, March 24, 2011 at 10:00 a.m.

BCDC, 50 California Street, Suite 2600, San Francisco 94111

The SCS Housing Methodology Committee (HMC) is comprised of local government planning staffs, elected officials and stakeholder groups. The HMC provides input to regional agency staff on the Regional Housing Needs Allocation and related Regional Transportation Plan/Sustainable Communities Strategy work elements.

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Date: February 16, 2011  
To: SCS Housing Methodology Committee  
From: Regional Agency Staff  
Subject: The Rationale for the Sustainable Communities Strategy and the Requirements for the Regional Housing Need Allocation

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This memo describes the rationale and principles of the Sustainable Communities Strategy (SCS) Initial Vision Scenario, the Place Type framework, the SCS Performance Targets that are most relevant to housing issues, and the Regional Housing Need Allocation (RHNA) Objectives and Factors and explores the ways in which these sets of principles and objectives relate to one another. The purpose of this memo is to frame the discussion on the relationship between the SCS and RHNA.

### **Initial Vision Scenario of the SCS**

The Initial Vision Scenario (IVS) is a starting point for developing the Sustainable Communities Strategy. The IVS identifies a land use pattern and related policies, strategies, and resources designed to meet the Bay Area's greenhouse gas reduction and housing targets. It assumes strong regional economic performance and sufficient funding for affordable housing, transportation, and the planning and infrastructure dollars needed to support transit-oriented and infill development in the Bay Area. In addition to meeting regionally adopted performance targets, the objectives that guide the Initial Vision Scenario are to:

- Strengthen the character of places through sustainable development
- Accommodate future growth within urban boundaries
- Locate future housing and jobs near transit, amenities, and services
- Strengthen regional transit corridors that allow access to jobs and services
- Align regional transportation funding with production of sustainable and affordable housing
- Retain the open space and agricultural land in the region

Based on a forecast of housing need in the region in 2035, there will be approximately 3.6 million households in 2035—approximately 920,000 more than in 2010. Relative to long-term housing distribution, the IVS will encompass both the Current Regional Plans forecast that distributes approximately 650,000 households plus the additional 267,000 households needed to achieve the regional housing target. Like its predecessor, Projections, the Current Regional Plans forecast assumes some growth in every jurisdiction in the region with the distribution of growth being more infill and transit-oriented over time through 2035. The Initial Vision Scenario distributes the additional number of households needed to achieve the region's housing target exclusively in Priority Development Areas (PDAs) or in New Opportunity Areas that were identified by local jurisdictions through the Initial Vision Scenario local input process. Together, these areas are referred to as Sustainable Community Development Areas (SCDAs). The regional agencies project that there will also be 4.4 million jobs in 2035—approximately 1.2 million more than in 2010. The Initial Vision Scenario assumes that the region's housing needs are met—providing the Bay Area with a more competitive regional economy and an estimated 97,000 additional jobs compared to the Current Regional Plans forecast.

In developing the Initial Vision Scenario, local estimates of growth for SCDA's were used when possible. However, many of these areas need to take on additional households for the region to reach the housing target. In these situations, the Place Type selected by a local jurisdiction for one of its SCDA's was used to help determine how much growth the area could accommodate. After evaluating a SCDA's location in the region, access to employment, proximity to major transit corridors, and its overall size and development intensity, the proposed growth for the area was compared to the characteristics for its Place Type and, when appropriate, adjusted to meet the targets for that Place Type.

### **Place Type Framework<sup>1</sup>**

By showing the similarities of transit areas in the Bay Area, the Place Types offer a way for local governments to identify their future vision for an area, based on characteristics related to the type of transit, the mix of land uses, the intensity of development, retail characteristics, and major planning and development challenges. These characteristics are then related to development guidelines for each Place Type that outline a proposed mix of housing types, targets for total housing units and jobs, net densities for new housing, and minimum Floor Area Ratios (FARs) for new employment development.

While the Place Types emphasize the specific context of a particular place, they also take into account the role that the station area plays in relation to other transit-served areas in the region. In this way, the Place Types provide a common language for a regional policy framework, and for how those policies relate to planning and implementation occurring at the local level.

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<sup>1</sup> The Place Type framework was developed by Reconnecting America as a companion to MTC's Transit-Oriented Development (TOD) Policy and the FOCUS Priority Development Areas.

### SCS Performance Targets Most Relevant to Housing

MTC and ABAG recently adopted ten Performance Targets that will be used to measure and evaluate the land use scenarios that are created as the region moves toward defining the final preferred SCS. Of the ten targets, the following ones are the most relevant to housing allocation issues:

CLIMATE PROTECTION	<b>1</b>	Reduce per-capita CO <sub>2</sub> emissions from cars and light-duty trucks by 15% <i>Statutory - Source: California Air Resources Board, as required by SB 375</i>
ADEQUATE HOUSING	<b>2</b>	House 100% of the region's projected 25-year growth by income level (very-low, low, moderate, above-moderate) without displacing current low-income residents <i>Statutory - Source: ABAG adopted methodology, as required by SB 375</i>
HEALTHY & SAFE COMMUNITIES	<b>5</b>	Increase the average daily time walking or biking per person for transportation by 60% (for an average of 15 minutes per person per day) <i>Source: Adapted from U.S. Surgeon General's guidelines</i>
OPEN SPACE AND AGRICULTURAL PRESERVATION	<b>6</b>	Direct all non-agricultural development within the urban footprint (existing urban development and urban growth boundaries) <i>Source: Adapted from SB 375</i>
EQUITABLE ACCESS	<b>7</b>	Decrease by 10% the share of low-income and lower-middle income residents' household income consumed by transportation and housing <i>Source: Adapted from Center for Housing Policy</i>
ECONOMIC VITALITY	<b>8</b>	Increase gross regional product (GRP) by 90% – an average annual growth rate of approximately 2% (in current dollars) <i>Source: Bay Area Business Community</i>

### Statutory RHNA Objectives

According to state law, the regional housing needs plan adopted by the region must promote the following objectives<sup>2</sup>:

- Increase housing supply and mix of housing types, tenure, and affordability in all cities and counties within the region in an equitable manner, which shall result in each jurisdiction receiving an allocation of units for low- and very low income households.
- Promote infill development and socioeconomic equity, the protection of environmental and agricultural resources, and the encouragement of efficient development patterns.
- Promote an improved intraregional relationship between jobs and housing.
- Allocate a lower proportion of housing need to an income category when a jurisdiction already has a disproportionately high share of households in that income category, as compared to the countywide distribution of households in that category, as compared to the countywide distribution of households in that category from the most recent decennial United States census.

<sup>2</sup> Government Code Section 65584(d).

Table 1 shows an initial assessment of how the SCS Performance Targets align with the RHNA Objectives.

**Table 1: SCS Performance Targets Compared to RHNA Objectives**

SCS Performance Measures	RHNA Objectives
#1: Reduce per-capita CO2 emissions from cars and light-duty trucks by 15%	<ul style="list-style-type: none"> <li>• Encourage efficient development patterns</li> <li>• Promote an improved intraregional relationship between jobs and housing</li> </ul>
#2: House 100% of the region's projected 25-year growth by income level (very-low, low, moderate, above-moderate) without displacing current low-income residents	<ul style="list-style-type: none"> <li>• Increase housing supply and mix of housing types, tenure, and affordability in all cities and counties within the region in an equitable manner, which shall result in each jurisdiction receiving an allocation of units for low- and very low income households.</li> <li>• Promote socioeconomic equity</li> </ul>
#5: Increase the average daily time walking or biking per person for transportation by 60% (for an average of 15 minutes per person per day)	
#6: Direct all non-agricultural development within the urban footprint (existing urban development and urban growth boundaries)	<ul style="list-style-type: none"> <li>• Promote infill development</li> <li>• Protect environmental and agricultural resources</li> </ul>
#7: Decrease by 10% the share of low-income and lower-middle income residents' household income consumed by transportation and housing	
#8: Increase gross regional product (GRP) by 90% – an average annual growth rate of approximately 2% (in current dollars)	
	<ul style="list-style-type: none"> <li>• Allocate a lower proportion of housing need to an income category when a jurisdiction already has a disproportionately high share of households in that income category, as compared to the countywide distribution of households in that category</li> </ul>

### Statutory RHNA Factors

In addition to the overarching RHNA Objectives, state law requires that the methodology for allocating units within the region consider the following specific factors<sup>3</sup>:

1. A jurisdiction's existing and projected jobs and housing relationship
2. Water and sewer capacity
3. Land suitable for urban development or conversion to residential use
4. Protected open space - lands protected by state and federal government
5. County policies to protect prime agricultural land
6. Distribution of household growth
7. Market demand for housing
8. City-centered growth policies
9. Loss of affordable units contained in assisted housing
10. High housing cost burdens
11. Housing needs of farm workers
12. Impact of universities and colleges on housing needs in a community.
13. Any other factors adopted by the council of governments

<sup>3</sup> Government Code Section 65584.04(d-g).

### **Additional Factors Identified by the Housing Methodology Committee**

At the last SCS Housing Methodology Committee (HMC) meeting, a number of additional factors were identified for possible use in the RHNA methodology (see Appendix A for a full list). At the suggestion of some of the committee members, staff has grouped the ideas to facilitate future discussion. The four groups are:

- Local Community Factors
- Regional Factors
- Transportation Related Factors
- Environmental Factors

Local Community factors include local climate action plans, Priority Development Areas, evaluation of the existing housing stock, and local school/educational issues and impacts. Regional factors include issues related to seniors, equity issues, the types of housing we are planning for, unemployment, and issues of regional sustainability. Transportation issues were numerous, and included relating housing to transit and transportation assets, walkability, and access to jobs and schools. Environmental factors included the designation of habitat and open space, and issues related to sea level rise and air quality. The remaining ideas that were offered fall into the category of technical issues and questions.

As we begin to evaluate factors for the RHNA methodology, it is important to recognize that not all of the suggestions need to be, or should be, included. A simple, understandable methodology based on information that is consistently available across the region is certainly an option. This is an approach that needs to be evaluated against explicitly including a variety of issues.

### **The Use of Factors in the Previous RHNA Methodology**

For the Bay Area's previous allocation formula, the selected factors and their respective weights were:

- Household growth (45%)
- Existing employment (22.5%)
- Employment growth (22.5%)
- Household growth near existing transit (5%)
- Employment growth near existing transit (5%)

By applying these factors and weights in the allocation formula, housing was allocated to jurisdictions and jurisdictions were required to plan for their allocated number of housing units within the housing elements of their general plans. Specifically, the selected factors resulted in:

- Housing units directed to communities where local governments were planning housing growth;
- Housing and job growth being planned together and existing jobs-housing imbalances being addressed;
- Housing development directed to communities with transit infrastructure; and
- Fewer housing units directed to outlying areas; thereby reducing development pressures on open space and agricultural lands.

More growth in existing urbanized communities translates into less development pressure on the region's environmental and agricultural resources. Growth in urban areas may facilitate development efficiencies and more infill development at higher densities. Such development may support increased transportation choices, e.g., walking and public transit, especially if development is planned near transit,

services and existing jobs. The previous allocation formula coalesced with the designation of many of the region's transit-served neighborhoods as PDAs and expanded planning and capital infrastructure support for the PDAs.

The inclusion of employment growth as a RHNA factor allocated the regional housing need to places where job growth was anticipated to occur during the 2007-2014 RHNA period. Cities or counties with planned job growth were responsible for planning housing for the additional jobs added to their communities. Placing a transit factor directly into the methodology gave extra weight to this state and regional objective. This is because a transit-based policy was already incorporated into ABAG's policy-based Projections. Current regional policy places incrementally more growth along major transportation corridors and at transit stations. Therefore, a housing need allocation that uses regional housing growth and employment as factors would indirectly include "transit" as a policy issue in the allocation formula.

### **Items for Discussion**

- Given the requirement that the short-term RHNA be consistent with the long-term SCS housing growth distribution, how might we use the above factors in an allocation formula or methodology?
- Can we combine factors or exclude some of the suggested factors?
- Are there other parts of the RHNA process where these factors are included, such as the income allocation?

## **Appendix A: List of Additional Factors from January 2011 Housing Methodology Committee Meeting**

### **Local Community Factors**

Climate Action Plans  
Priority Development Areas (PDAs)  
Existing Housing Stock  
Schools/Education

### **Regional Factors**

Housing Types  
Senior Populations  
Social Justice  
Unemployment  
Consider Basic Sustainability Issues  
Quantitative vs. Qualitative Goals

### **Transportation Related Factors**

Transit linked to its Capacity and Quality  
Relationship to Transit  
Transportation Corridors  
Walking/Bicycling Accessibility  
Access to Jobs/Schools  
Balance Jobs and Housing

### **Environmental Factors**

Sea Level Rise  
Air Quality Regulations  
Priority Conservation Areas (PCAs)  
Habitat  
Open Space

### **Technical Issues**

Data for Income Levels  
Existing Income  
Vacancy Rates (households)





Date: February 17, 2011  
To: SCS Housing Methodology Committee  
From: Regional Agency Staff  
Subject: Calculation of the Regional Housing Need

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## Summary

What is the total regional need for housing, the need for housing by income category, and how are those numbers determined? This memo starts with excerpts from *San Francisco Bay Area Housing Need Plan 2007-2014* (ABAG, June 2008) which explains the method used by the California Department of Housing and Community Development (HCD). We updated the data to provide a rough example of the level of need we might expect to see in the 2014-2022 Regional Housing Need.

The Regional Housing Need is determined by estimating both the existing need and the projected need for housing. Existing need is the amount of housing required to address existing overcrowding or low vacancy rates. Projected need relates to providing housing for the growing population. The consultation process to identify the regional need occurs after the region has agreed upon a method. As a result, it is very useful to identify a rough estimate of the Regional Need to illustrate alternative allocation methods. The numbers in this memo are only for illustrative purposes.

## Existing Need

Existing need is based on the State estimates of total households in 2010, and the existing forecast to 2014. A vacancy rate of 5 percent for renters and 1.8 percent for owners is applied to arrive at a vacancy goal (104,710). The total existing housing need of 12,460 units is derived from subtracting existing vacancies (91,710) from the vacancy goal.



Existing Need					
	2014 Households	2014 Units	Existing Vacancies	Vacancy Goal	Existing Need
<b>Bay Area</b>	2,762,390	2,854,100	91,710	104,170	12,460
<i>2014 Households are estimated from ABAG Projections 2009</i> <i>Housing units, multiply households by the most recent DOF E-5 report</i> <i>The vacancy goal is the weighted average of a 5% vacancy rate for renters and 1.8% rate for owners</i> <i>Existing Need is the difference between the Vacancy Goal and Existing Vacancies</i>					

## Projected Need

Projected need is determined by the components of population growth: 1) births minus deaths, or natural increase; 2) migration; and 3) household formation rates. ABAG and DOF assumptions regarding births, deaths and migration are fairly consistent. ABAG will be using comparable assumptions regarding household formation or headship rates in the Regional Housing Need Determination (RHND). The State uses detailed headship rates to make their determination of household population. State legislation requires that headship rates be used to determine regional housing need.

An illustrative calculation of the Projected Need is attached on the next page.

## Total Need

Applying the headship rates to regional population forecasts, we make a rough estimate of the projected regional need for the Bay Area of about 264,610 housing units. Once the existing need of 12,460 units has been added, the total housing need for the region is 277,070 housing units.

This number is different than the Regional Need Allocation in the last round using this process. There are several reasons for that difference. It reflects a rough calculation, and is only meant for illustrative purposes. It reflects a different time period and housing situation in previous years. Finally, this RHNA process is looking at an 8-year period, while the previous effort reflected a 7-year period.

## Simple Example: Calculation of Projected Need

Age Group	Heads of Households 2000	/	Household Population 2000	=	Headship Rate
<15	0		1,341,455		0.0%
15-24	89,753		812,970		11.0%
25-34	458,327		1,100,980		41.6%
35-44	601,166		1,151,360		52.2%
45-54	535,869		951,060		56.3%
55-64	326,830		564,580		57.9%
65+	454,074		720,040		63.1%
Total	2,466,019		6,642,445		37.1%



Age Group	Household Population 2022	-	Household Population 2014	=	Household Population Growth	X	Headship Rate	=	Household Growth 2014-2022	X	Target Vacancy Rate	=	Future Need
<15	1,466,349		1,404,959		61,390		0.0%		0				
15-24	947,609		909,469		38,140		11.0%		4,211				
25-34	1,060,154		968,694		91,460		41.6%		38,074				
35-44	997,140		1,064,600		-67,460		52.2%		-35,223				
45-54	1,072,710		1,106,630		-33,920		56.3%		-19,112				
55-64	1,055,039		961,409		93,630		57.9%		54,202				
65+	1,381,724		1,043,734		337,990		63.1%		213,144				
Total	7,980,725		7,459,495		521,230		37.1%		255,296		3.65%		264,610

Date: February 17, 2011  
To: SCS Housing Methodology Committee  
From: Regional Agency Staff  
Subject: Subregions and the Overall RHNA Allocation

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## Summary

The region will allocate a portion of the total housing need to any subregion. The method the region uses to make the allocation to the subregion is specified by law. Depending on the allocation method used for the remainder of the region, the subregion can receive a lesser or greater allocation than comparable jurisdictions in the remainder of the region.

## Subregional Allocation

We expect that there will be several subregions as part of the Bay Area's 2014-2022 Regional Housing Need Allocation. It is important to recognize the impact of subregions on the resulting allocation for jurisdictions in the remainder of the regional.

While the region determines its own allocation method, consistent with State housing goals and factors, there is a proscribed method of allocating a share of the need to any subregions:

“The share or shares allocated to the delegate subregion or subregions by a council of governments shall be in a proportion consistent with the distribution of households assumed for the comparable time period of the applicable regional transportation plan.”

In the last cycle, the region assigned the San Mateo subregion a share of the regional need based on its share of the forecasted regional housing growth during the RHNA period. This is also a method we would expect to use in the current allocation.

## Potential Impact of Subregions on the Overall Allocation

The last RHNA allocation method included employment, employment growth, and the growth in employment and housing near transit. The San Mateo subregion has a substantial number of transit areas as well as significant employment. If the region had made an allocation directly to the jurisdictions in San Mateo, the total number of housing units assigned to that part of the region would be higher than under the subregional allocation specified in the law.

Depending on the allocation method chosen by the region, San Mateo might have received a higher allocation. There was an interaction between the allocation method chosen for the overall region and the subregional allocation.

A similar situation will occur in this round of the RHNA process. It is important to recognize and consider the impacts of allocating a portion of the region's housing need to subregions as the committee discusses the methodology used for the remainder of the region.

